

VZCZCXRO1336

PP RUEHFK RUEHKSO RUEHNAG RUEHNH  
DE RUEHKO #0021/01 0060305

ZNR UUUUU ZZH

P 060305Z JAN 10

FM AMEMBASSY TOKYO

TO RUEHC/SECSTATE WASHDC PRIORITY 8537  
INFO RUEKJCS/SECDEF WASHDC PRIORITY  
RHEHAAA/WHITE HOUSE WASHINGTON DC PRIORITY  
RUEAWJA/USDOJ WASHDC PRIORITY  
RULSDMK/USDOT WASHDC PRIORITY  
RUCPDOC/USDOC WASHDC PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RUEKJCS/JOINT STAFF WASHDC//J5//  
RHHMUNA/HQ USPACOM HONOLULU HI  
RHHMHBA/COMPACFLT PEARL HARBOR HI  
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//  
RHMFIUU/USFJ //J5/J021//  
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA  
RUAYJAA/CTF 72  
RUEHNH/AMCONSUL NAHA 0517  
RUEHFK/AMCONSUL FUKUOKA 8173  
RUEHOK/AMCONSUL OSAKA KOBE 1986  
RUEHNAG/AMCONSUL NAGOYA 5281  
RUEHKSO/AMCONSUL SAPPORO 8672  
RUEHB/AMEMBASSY BEIJING 2517  
RUEHUL/AMEMBASSY SEOUL 9182  
RUCNDT/USMISSION USUN NEW YORK 8607

UNCLAS SECTION 01 OF 07 TOKYO 000021

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;  
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;  
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;  
SECDEF FOR JCS-J-5/JAPAN,  
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA  
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;  
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAQ](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 01/05/10

INDEX:

(1) DM Kitazawa announces creation of special Futenma relocation team (Sankei)

(2) People's New Party to submit two proposals on Futenma's relocation site (Yomiuri)

(3) Ginowan City's long-cherished dream of Futenma's relocation to Guam (Okinawa Times)

(4) Japan-U.S. free trade agreement (Yomiuri)

(5) April-May to become crucial stage for Hatoyama administration's diplomacy; Gap between views of U.S. and ruling coalition on deadline for Futenma conclusion (Nikkei)

(6) Hatoyama seen as a prime minister who has not experienced hardships (Nikkei)

ARTICLES:

(1) DM Kitazawa announces creation of special Futenma relocation team

SANKEI ONLINE (Full)  
13:30, January 5, 2010

At a news conference on the morning of Jan. 5, Defense Minister Toshimi Kitazawa announced the creation of a special team on the issue of the relocation of the U.S. forces' Futenma Air Station (in Ginowan City, Okinawa) reporting directly to the top political appointees in the Ministry of Defense (MOD). The team will be

launched within this month.

This is because of the need to engage in smooth coordination with Okinawa and the U.S. Department of Defense, as the Democratic Party of Japan, the Social Democratic Party, and the People's New Party are expected to submit this month their proposals for Futenma's relocation site to the committee of the government and the ruling parties for examining base issues in Okinawa. The special team will consist of five to six MOD bureaucrats not only from the Defense Policy Bureau, which has so far taken charge of issues relating to U.S. Forces Japan realignment, but also from the Bureau of Local Cooperation and other offices.

(2) People's New Party to submit two proposals on Futenma's relocation site

YOMIURI (Page 2) (Full)  
Evening, January 5, 2010

In connection with the relocation of the U.S. forces' Futenma Air Station in Okinawa, People's New Party (PNP) policy chief Mikio Shimoji indicated at a meeting with his support group in Naha on the morning of Jan. 5 that the PNP will submit two proposals to the committee of the government and the ruling parties for the examination of Okinawa's base issues, namely: (1) integration of the Futenma base with Kadena Air Base (straddling the towns of Kadena and Chatan and Okinawa City) and dispersing the training exercises to Kansai Airport, the Ie Island auxiliary airfield (in Ie Village, Okinawa), and other locations; and (2) relocation out of Okinawa.

TOKYO 00000021 002 OF 007

The ruling parties have decided to submit their proposals for relocation sites to the committee by the end of January. Shimoji mentioned relocation to the Shimoji Island airport (in Miyakojima City, Okinawa) in late 2009 but withdrew this proposal in the belief that "this will not be acceptable to the U.S.," according to a senior PNP official. At the Jan. 5 meeting, Shimoji said that "the PNP will not pick Shimoji Island."

(3) Ginowan City's long-cherished dream of Futenma's relocation to Guam

OKINAWA TIMES (Page 1) (Full)  
January 5, 2010

Kenya Fukusato, Reporting Team on 50 Years of the Security Treaty

The official residence of the U.S. consul general in Okinawa is located on a hill, overlooking the runway of the Futenma Air Station, which a senior U.S. official once termed "the most dangerous military base in the world," illuminated by red and green lights in the complete darkness.

On Nov. 30, U.S. Ambassador to Japan John Roos hosted a dinner for the leaders of the municipalities hosting U.S. bases.

Holding a wine glass in one hand, Ambassador Roos listened almost silently to Ginowan City Mayor Yoichi Iha, who said: "This is an illegal military base even under U.S. domestic laws."

The return of the Futenma base has been left hanging for 13 years on account of the "bottleneck" of relocating this facility within Okinawa. Iha advocated the relocation of the U.S. Marines to Guam and argued that a replacement facility should not be built in the coastal area of Camp Schwab.

After dinner, the group moved to the living room to sit on the sofa. Just as Ambassador Roos was going to say something, the conversation was interrupted by the noise of a helicopter. He smiled wryly and said: "The current relocation plan is a feasible option."

Iha was elected to his first term in 2003 with a pledge to "disperse and relocate Futenma's functions." He opposes the passing around of bases within Okinawa, and his long-cherished dream is the withdrawal of U.S. Marines from Okinawa through Futenma's relocation.

Iha came to have great confidence in his longstanding proposal for Futenma's relocation out of Japan in light of the U.S. forces' policy after the realignment of U.S. Forces Japan.

The 2006 Guam Integrated Military Development Plan includes the construction of aprons to accommodate 67 Marine helicopters. The capacity of the new facility will be comparable to Futenma.

Iha visited Guam in 2007. The deputy commander of the Air Force base explained that "the plan is to construct a facility to accommodate 65-70 Marine aircraft."

The draft proposal for environmental impact assessment relating to Guam relocation published in November 2009 states that in addition to the Marine command headquarters, the helicopter units will also be relocated from Okinawa.

TOKYO 00000021 003 OF 007

In late 2009, Prime Minister Yukio Hatoyama announced his intention to reconsider relocation sites for the Futenma base, including locations outside of Okinawa or Japan.

Iha even felt relieved that "(the current relocation plan) has effectively been negated."

On the other hand, the focus of this issue tends to be on the relocation site, and nothing has been done about the danger posed by the Futenma base, which directly affects citizens' lives. Iha is hopeful that the new administration will "attach greater importance to the danger than the previous administration." However, the government's policy is not to rule out the current relocation plan as an option, and it remains unclear how it intends to remove the danger until a relocation site is identified and the base is returned.

#### (4) Japan-U.S. free trade agreement

YOMIURI (Page 13) (Excerpts)  
January 5, 2010

By Noboru Hatakeyama

The Democratic Party of Japan (DPJ) in its policy manifesto for the Lower House election pledged to promote talks on a free trade agreement (FTA) with the U.S. There is a story behind this policy of the DPJ: The party had at first intended to aim at concluding the pact. However, it later reportedly backpedalled on the wording due to opposition from agricultural organizations. However, the DPJ had kept its pledge to promote FTA talks with the U.S. in place, even though it has backpedalled on its wording. This means that the DPJ has made up its mind firmly, which deserves high marks.

However, it is strange that when President Obama visited Japan in November last year, the Japanese side did not make any proposal on a Japan-U.S. FTA. The government presumably thought that it would be safer not to bring up this issue, as agricultural organizations are strongly opposed to the idea. Then, what will become of the DPJ's policy slogan to implement the manifesto to the maximum extent possible?

The greatest obstacle to a Japan-U.S. FTA is negotiations on agricultural products. Even so, it is not possible to draft an FTA that only excludes agricultural and livestock products because that would be in breach of the World Trade Organization's FTA regulations. FTAs on trade in goods, such as agricultural products and automobiles, must basically target all trade items between the two countries.

To be specific, the regulations are interpreted as indicating that more than 90 percent of the value of imports should be subject to the accord. Conversely, it is possible to interpret that up to 10 percent of imports from the FTA partner can be exempted from an FTA. However, since food items Japan imports from the U.S. already exceed 20 percent, it would be very difficult to include items exempted

from the accord within 10 percent.

A sound argument would be for Japan to boost its international competitiveness by seriously addressing agricultural reform and forging an FTA with the U.S. that covers agricultural and livestock products as well. The DPJ's manifesto states that it will implement

TOKYO 00000021 004 OF 007

a system of compensating farmers who sell their products based on the balance between the sales prices of agricultural and livestock products and the cost of producing them. The WTO under certain circumstances allows the direct compensation of farmers with the aim of making up for a decrease in their incomes as a result of a drop in domestic sales prices due to a reduction in trade tariffs on agricultural and livestock products. It would be logical for the government to squarely address agricultural reform using this system and then move on to entering into an FTA with the U.S.

However, this will take a considerable amount of time. The writer, therefore, would like to propose that Japan and the U.S. sign an FTA for trade in services for the time being. As readers know, there are two kinds of trade - trade in goods and trade in services. Representative examples of trade in goods include agricultural products and automobiles. Examples of trade in services include distribution and financial services. The WTO has separate regulations for trade in goods and trade in services. Therefore, it would be possible to sign an FTA for trade in services alone in terms of concluding a pact, although there are no precedents.

First, if this proposal is materialized, Japan would not have to lower its tariffs on agricultural products. The U.S. would not have to expose its manufacturing industry, which is in a fix, to even fiercer competition. Second, the U.S.'s distribution and financial services sectors could enjoy a more liberalized Japanese market. Japan's services industry would become stronger through competition against the U.S. Third, if Japan and the U.S. sign an FTA, ties between the two countries would become stronger, even if the accord covers trade in services alone.

This year marks the 50th anniversary of the revision of the Japan-U.S. Security Treaty. Japan-U.S. relations are being buffeted over the issue of relocating the Marine Corps' Futenma airfield. In this memorable year, both nations should not only settle their pending issues expeditiously, but also launch FTA talks for trade in services and use it as a basis for strengthening bilateral ties.

Noboru Hatakeyama: Chairman of the Japan Economic Foundation. Former vice minister of international trade and industry (now the Ministry of Economy, Trade and Industry). Former executive director of the Japan External Trade Organization.

(5) April-May to become crucial stage for Hatoyama administration's diplomacy; Gap between views of U.S. and ruling coalition on deadline for Futenma conclusion

NIKKEI (Page 2) (Full)  
January 5, 2010

The Hatoyama administration's diplomacy will reach a crucial stage in April and May, when the government aims to reach a conclusion on the issue of relocating the U.S. Marine Corps' Futenma Air Station in Okinawa Prefecture. Although Prime Minister Yukio Hatoyama expects to inform U.S. President Barack Obama of his decision on the Futenma relocation issue after looking into a new replacement site, there is still a wide gap between the views of the people of Okinawa and the Social Democratic Party (SDP), and Washington. If a rift emerges in the Japan-U.S. relationship, it could affect pending diplomatic issues such as the North Korean problem.

Late last year the government and ruling parties began looking into

TOKYO 00000021 005 OF 007

relocation sites other than the coastal area of Camp Schwab, which is the site for the existing plan. Hatoyama's intention to resolve

the issue in May implies that he is giving consideration to the Japan-U.S. agreement as well. "The Prime Minister aims to visit Washington bringing an agreement of the ruling parties before or after the consecutive holidays (in early May) and settle the issue at a meeting with the President" said a senior Foreign Ministry official.

In the ruling coalition, the SDP has strongly called for moving the Futenma base out of Okinawa or out of Japan. Since it has sought to constrain the DPJ by brandishing the threat of leaving the coalition if the Futenma base is relocated within Okinawa, the government has been put in an extremely difficult situation as it tries to reach an agreement with Washington, which insists that the existing plan is the best and only viable option.

This year marks the 50th anniversary of the revision of the U.S.-Japan Security Treaty. Foreign Minister Katsuya Okada is determined to make the Japan-U.S. alliance deeper and more sustainable, but some officials in the U.S. government are distrustful of the Hatoyama administration's security policy. As a result, Okada may be unable to start discussions with Washington before the Futenma issue is resolved.

The United States will hold the first security summit in Washington on April 12 and 13. The leaders of nuclear powers and other countries will attend the security summit to discuss setting up a system to protect nuclear materials from entering the hands of terrorists and other organizations. Japan also plans to embark on new efforts toward creating a world without nuclear weapons.

In late June, the Group of Eight (G-8) summit will be held in Canada. Japan will be sending a different prime minister to the G-8 summit for the fourth time in a row since the G-8 summit in 2007, in which then Prime Minister Shinzo Abe participated. There will also be two G-20 summits in June and November, which will serve as an initial test for DPJ diplomacy.

The major international conferences to be held in Japan are the 10th session of the Conference of the Parties of the UN Framework Convention on Climate Change (COP10) and the Asia-Pacific Economic Cooperation (APEC) conference. The leaders of the APEC members will assemble in Yokohama on Nov. 13 and 14.

#### Major diplomatic schedules for 2010

Jan. 2-5 Foreign Minister Okada visits Turkey  
Jan. 16-17 Asia-Latin America Cooperation Forum's foreign ministerial meeting  
Jan. 24 Nago mayoral election (Okinawa)  
Jan. 27-31 Davos Conference  
Jan. 28 International conference on Afghanistan (London)  
February (?) Foreign Ministry's expert committee issues a final report on the secret nuclear agreement  
April 12-13 Nuclear security summit (Washington)  
May 3-28 NPT review conference (New York)  
(?) Government, ruling parties make a decision on the Futenma relocation issue  
Consecutive holidays Prime Minister Yukio Hatoyama visits Washington?  
June 25-27 G-8 summit (Muskoka, Canada)

TOKYO 00000021 006 OF 007

June 26-27 G-20 summit (Toronto, Canada)  
July Upper House election  
Oct. 4-5 ASEM summit (Brussels)  
Oct. 18-29 COP 10 (Nagoya, Japan)  
November G-20 summit (South Korea)  
Nov. 13-14 APEC summit (Yokohama, Japan)

(6) Hatoyama seen as a prime minister who has not experienced hardships

NIKKEI (Page 2) (Slightly abridged)  
January 1, 2010

Prime Minister Yukio Hatoyama, who boasts of achieving a change of

administration and the "first revolution since the Meiji Restoration," will be facing a new phase in the management of the administration in the New Year. We will take a look at the present state of the Hatoyama administration, which won overwhelming support from the voters by giving full publicity to its manifesto (campaign pledges), which it calls its "promise to the people."

In late 2009, Hatoyama murmured to his aides, "I would like to appear on TV with Miyuki." His wife Miyuki was invited to appear on a popular variety show for the New Year and he wanted to appear with her as a couple.

#### Premiership backed by popular will

Hatoyama's aides frowned. If he appeared on that program, it would have been just a week or so after he offered his explanation on the falsified reports of his political funds. They told him gently: "We are sorry, but this is not the right timing." Hatoyama accepted the advice but this was an instance in which the difference between his perception and that of his aides was apparent.

When he was in the opposition camp, Hatoyama criticized the prime ministers of the Liberal Democratic Party (LDP) administration for "not obtaining a mandate through an election but (assuming the premiership) through a rotation of power." As a matter of fact, the Democratic Party of Japan (DPJ), under his leadership, won popular support and captured 300 seats in the House of Representatives election last summer. He ascended to the position of prime minister with great confidence and everything appeared to be going well.

Hatoyama once cited "strong leadership and a sincere sense of responsibility" as the requirements for an "ideal prime minister." A hundred days after he assumed office, the support rating for his cabinet dropped by 25 percentage points in the Nihon Keizai Shimbun's latest opinion poll, the main reason being his "lack of leadership." Over 70 percent of the respondents thought his explanation on the falsified political donations was "unsatisfactory."

Before the administration was launched, then DPJ Secretary General Katsuya Okada suggested to Hatoyama that "the abolition of the provisional tax rate for gasoline and other products can come in the second year of the administration," but Hatoyama insisted, saying: "This is considered a fait accompli by the people." He ordered the inclusion of this item in the party's manifesto.

When the time came for the formulation of the budget under his administration and he faced a dilemma between realizing the election

TOKYO 00000021 007 OF 007

pledges and securing the revenue to fund these policies, he made a sudden about-face, accepted the party's demand, and decided to maintain the gasoline tax rate. Regardless of the merit of this decision, it left a strong impression of Hatoyama relying on the leadership of Secretary General Ichiro Ozawa both domestically and internationally. It remains unclear what he wants to accomplish as a prime minister and what his policy vision is.

#### Habit of telling others to "discuss" things

Hatoyama reportedly has the habit of saying to others: "I want all of you to discuss this thoroughly." While there is a structural problem in the cabinet in which no one has taken on the role of coordinator for Hatoyama, there is no denying that his attitude, which can be interpreted as "do what you think is best," has been a source of disarray in the cabinet. Hatoyama is neither the authoritative type of prime minister like Junichiro Koizumi nor the coordinator type like Keizo Obuchi. Many people think he was probably unprepared to become the prime minister.

In the Lower House election of 2000, DPJ President Hatoyama kicked off the election campaign on the day of the official filing of candidacy in Shimane, the home constituency of former Prime Minister Noboru Takeshita. He paid no attention to his past relations with Takeshita, who "campaigned for Hatoyama everywhere in Hokkaido when he was running for a Diet seat for the first time." (according to a

former secretary of a Takeshita faction Diet member) Such is one aspect of Hatoyama, which is considered "valiant" by some, but "ruthless" by others.

Hatoyama has no enemies in his party. The "Hatoyama brand" also serves him well in the political world. On the other hand, this also contains elements of "imprudence" and "insensitivity," which may become fatal at times. His qualifications as a prime minister are now being called into question over the falsified political donations, for which his former secretary has been indicted for violating the Political Fund Control Law.

#### Donation issue deals heavy blow

It is said that a prime minister must possess the sense of balance needed to allocate a national budget of nearly 100 trillion yen along with the common folk's sensibility of worrying about the prices of vegetables. This is one reason why Hatoyama's "personality" still enjoys the support of 50 percent of the people. However, his failure to declare funds amounting to 1.2 billion yen provided by his mother and pay gift tax for this has disappointed his supporters. Who could have predicted that Chief Cabinet Secretary Hirofumi Hirano would one day have to dismiss talk of Hatoyama's resignation at a news conference by saying: "I do not think (the prime minister will resign)"?

A politician who left the LDP together with Hatoyama in 1993 and who was one of the key founders of New Party Sakigake offers the following analysis of Hatoyama's character: "He does not have the experience of making a major mistake or having to endure tremendous hardships, so he seems sort of carefree and behaves artlessly in certain ways."

ROOS